INDEPENDENT BANK CORP /MI/
Form 10-Q/A
May 10, 2007

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
AMENDMENT NO. 1

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED March 31, 2007

Commission file number 0-7818

INDEPENDENT BANK CORPORATION
(Exact name of registrant as specified in its charter)

Michigan	38-2032782
(State or jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

230 West Main Street, P.O. Box 491, Ionia, Michigan 48846
(Address of principal executive offices)

(616) 527-9450
(Registrant s telephone number, including area code)

NONE
Former name, address and fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [__]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer or non-accelerated filer.
Large accelerated filer [__] Accelerated filer [X] Non-accelerated filer [__]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES [__] NO [X]

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Common stock, par value $1	22,584,455
Class	Outstanding at May 7, 2007

Explanatory Note

This Amendment No. 1 on Form 10-Q/A is being filed solely to: (i) correct Notes 2, 6, and 7 of the Notes to Interim Consolidated Financial Statements; (ii) to add Notes 11 and 12 to the Notes to Interim Consolidated Financial Statements; and (iii) to renumber former Notes 11 and 12 as Notes 13 and 14, respectively, of the Notes to Interim Consolidated Financial Statements. Accordingly, this Form 10-Q/A includes only Item 1 of Part I (pursuant to Rule 12b-15) as it is the only Item being amended.

To comply with certain technical requirements of the SEC s rules in connection with the filing of this Amendment No. 1 on Form 10-Q/A we are adding, as exhibits, certain current dated certifications of our principal executive officer and principal financial officer. This Amendment No. 1 on Form 10-Q/A continues to speak as of the date of Form 10-Q as originally filed on May 7, 2007 (the Original Report). We have not updated the disclosures contained herein to reflect any events that occurred at a date subsequent to the date of the Original Report. The filing of this Amendment No. 1 on Form 10-Q/A is not a representation that any statement contained in the Original Report or this Amendment No. 1 on Form 10-Q/A are true or complete subsequent to the date of the Original Report. This Amendment No. 1 on Form 10-Q/A does not affect the information set forth in the original Form 10-Q, except for the matters described in this Explanatory Note.

Part I
Item 1.

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Condition

	March 31, 2007	December 31, 2006
	(unaudited)	
	(in thousands)	
Assets		
Cash and due from banks	$ 67,209	$ 73,142
Federal funds sold and other overnight investments	94,661	
Cash and cash equivalents	161,870	73,142
Securities available for sale	430,949	434,785
Federal Home Loan Bank stock, at cost	14,326	14,325
Loans held for sale	33,959	31,846
Loans		
Commercial	1,081,502	1,083,921
Real estate mortgage	858,288	865,522
Installment	354,705	350,273
Finance receivables	189,852	183,679
Total Loans	2,484,347	2,483,395
Allowance for loan losses	(30,908)	(26,879)
Net Loans	2,453,439	2,456,516
Property and equipment, net	72,230	67,992
Bank owned life insurance	41,557	41,109
Goodwill	66,735	48,709
Other intangibles	18,065	7,854
Assets of discontinued operations	339	189,432
Accrued income and other assets	62,102	64,188
Total Assets	$ 3,355,571	$ 3,429,898
Liabilities and Shareholders' Equity		
Deposits		
Non-interest bearing	$ 318,238	$ 282,632
Savings and NOW	1,033,586	875,541
Time	1,551,708	1,444,618
Total Deposits	2,903,532	2,602,791
Federal funds purchased		84,081
Other borrowings	60,436	163,681
Subordinated debentures	64,197	64,197
Financed premiums payable	34,861	32,767
Liabilities of discontinued operations		183,676
Accrued expenses and other liabilities	40,728	40,538
Total Liabilities	3,103,754	3,171,731
Shareholders' Equity		
Preferred stock, no par value--200,000 shares authorized; none outstanding		
Common stock, $1.00 par value--40,000,000 shares authorized;		

		March 31, 2007		December 31, 2006
issued and outstanding: 22,584,455 shares at March 31, 2007 and 22,864,587 shares at December 31, 2006		22,584		22,865
Capital surplus		194,902		200,241
Retained earnings		30,924		31,420
Accumulated other comprehensive income		3,407		3,641
Total Shareholders' Equity		251,817		258,167
Total Liabilities and Shareholders' Equity	$	3,355,571	$	3,429,898

See notes to interim consolidated financial statements

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	(unaudited)	
	(in thousands, except per share amounts)	
Interest Income		
Interest and fees on loans	$ 49,953	$ 46,046
Securities available for sale		
Taxable	2,477	2,848
Tax-exempt	2,600	2,869
Other investments	314	223
Total Interest Income	55,344	51,986
Interest Expense		
Deposits	22,408	15,927
Other borrowings	3,304	4,324
Total Interest Expense	25,712	20,251
Net Interest Income	29,632	31,735
Provision for loan losses	8,139	1,386
Net Interest Income After Provision for Loan Losses	21,493	30,349
Non-interest Income		
Service charges on deposit accounts	4,888	4,468
Mepco litigation settlement		2,800
Net gains on assets		
Real estate mortgage loans	1,081	1,026
Securities	79	
VISA check card interchange income	950	791
Real estate mortgage loan servicing	527	653
Title insurance fees	414	442
Other income	2,731	2,358
Total Non-interest Income	10,670	12,538
Non-interest Expense		
Compensation and employee benefits	13,968	13,541
Occupancy, net	2,614	2,687
Furniture, fixtures and equipment	1,900	1,783
Data processing	1,438	1,342
Advertising	1,152	987
Branch acquisition and conversion costs	422	
Goodwill impairment	343	
Other expenses	6,129	5,898
Total Non-interest Expense	27,966	26,238
Income From Continuing Operations Before Income Tax	4,197	16,649
Income tax expense	305	3,593

	Three Months Ended March 31,	
Income From Continuing Operations	3,892	13,056
Discontinued operations, net of tax	351	(713)
Net Income	$ 4,243	$ 12,343
Income Per Share From Continuing Operations		
Basic	$ .17	$ .57
Diluted	.17	.56
Net Income Per Share		
Basic	.19	.54
Diluted	.18	.53
Dividends Per Common Share		
Declared	$ .21	$ .19
Paid	.20	.18

See notes to interim consolidated financial statements

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	(unaudited)	
	(in thousands)	
Net Income	$ 4,243	$ 12,343
Adjustments to Reconcile Net Income		
to Net Cash from Operating Activities		
Proceeds from sales of loans held for sale	70,293	61,273
Disbursements for loans held for sale	(71,325)	(61,321)
Provision for loan losses	8,288	1,586
Depreciation and amortization of premiums and accretion of discounts on securities and loans	(2,584)	(2,696)
Net gains on sales of real estate mortgage loans	(1,081)	(1,026)
Net gains on securities	(79)	
Goodwill impairment	343	
Deferred loan fees	(82)	(53)
Increase (decrease) in accrued income and other assets	813	(3,039)
Decrease in accrued expenses and other liabilities	(4,776)	(6,433)
	(190)	(11,709)
Net Cash from Operating Activities	4,053	634
Cash Flow from (used in) Investing Activities		
Proceeds from the sale of securities available for sale	6,367	
Proceeds from the maturity of securities available for sale	8,790	2,622
Principal payments received on securities available for sale	8,094	9,530
Purchases of securities available for sale	(19,000)	(400)
(Increase) decrease portfolio loans originated, net of principal payments	4,135	(54,542)
Acquisition of business offices, less cash received	210,053	
Proceeds from sale of insurance premium finance business	175,901	
Capital expenditures	(2,642)	(4,579)
Net Cash from (used in) Investing Activities	391,698	(47,369)
Cash Flow from (used in) Financing Activities		
Net increase (decrease) in total deposits	(107,505)	51,622
Net increase (decrease) in short-term borrowings	(169,823)	21,093
Proceeds from Federal Home Loan Bank advances	32,000	700
Payments of Federal Home Loan Bank advances	(49,003)	(25,261)
Repayment of long-term debt	(500)	(500)
Net increase (decrease) in financed premiums payable	(1,854)	6,765
Dividends paid	(4,584)	(4,188)
Repurchase of common stock	(5,989)	(9,178)
Proceeds from issuance of common stock	68	213
Net Cash from (used in) Financing Activities	(307,190)	41,266
Net Increase (Decrease) in Cash and Cash Equivalents	88,561	(5,469)
Change in cash and cash equivalents of discontinued operations	167	30
Cash and Cash Equivalents at Beginning of Period	73,142	67,522

	Three Months Ended March 31,	
Cash and Cash Equivalents at End of Period	$ 161,870	$ 62,083
Cash paid during the period for		
Interest	$ 28,502	$ 22,470
Income taxes	4	63
Transfer of loans to other real estate	1,059	565

See notes to interim consolidated financial statements

INDEPENDENT BANK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Shareholders Equity

	Three Months Ended March 31, 2007	2006
	(unaudited)	
	(in thousands)	
Balance at beginning of period	$ 258,167	$ 248,259
Net income	4,243	12,343
Cash dividends declared	(4,739)	(4,128)
Issuance of common stock	369	1,771
Repurchase of common stock	(5,989)	(9,178)
Net change in accumulated other comprehensive income, net of related tax effect	(234)	(300)
Balance at end of period	$ 251,817	$ 248,767

See notes to interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. In our opinion, the accompanying unaudited consolidated financial statements contain all the adjustments necessary to present fairly our consolidated financial condition as of March 31, 2007 and December 31, 2006, and the results of operations for the three-month periods ended March 31, 2007 and 2006. Certain reclassifications have been made in the prior year financial statements to conform to the current year presentation. Our critical accounting policies include the assessment for other than temporary impairment on investment securities, the determination of the allowance for loan losses, the valuation of derivative financial instruments, the valuation of originated mortgage servicing rights, the valuation of deferred tax assets and the valuation of goodwill. Refer to our 2006 Annual Report on Form 10-K for a disclosure of our accounting policies.

2. Our assessment of the allowance for loan losses is based on an evaluation of the loan portfolio, recent loss experience, current economic conditions and other pertinent factors. Loans on non-accrual status, past due more than 90 days, or restructured amounted to $48.1 million at March 31, 2007, and $39.2 million at December 31, 2006.

3. Comprehensive income for the three-month periods ended March 31 follows:

	Three Months Ended March 31, 2007	2006
	(in thousands)	
Net income	$ 4,243	$ 12,343
Net change in unrealized gain on securities available for sale, net of related tax effect	390	(428)
Net change in unrealized gain (loss) on derivative instruments, net of related tax effect	(523)	213
Reclassification adjustment for accretion on settled derivative financial instruments	(101)	(85)
Comprehensive income	$ 4,009	$ 12,043

The net change in unrealized gain on securities available for sale reflect net gains and losses reclassified into earnings as follows:

	Three Months Ended March 31, 2007	2006
	(in thousands)	
Gain (loss) reclassified into earnings	$ 79	$
Federal income tax expense (benefit) as a result of the reclassification of these amounts from comprehensive income	28	

4. Our reportable segments are based upon legal entities. We have five reportable segments: Independent Bank (IB), Independent Bank West Michigan (IBWM), Independent Bank South Michigan (IBSM), Independent Bank East Michigan (IBEM) and Mepco Finance Corporation (Mepco). We evaluate performance based principally on net income of the respective reportable segments.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

A summary of selected financial information for our reportable segments as of or for the three-month periods ended March 31, follows:

As of or for the three months ended March 31,

	IB	IBWM	IBSM	IBEM	Mepco	Other[(1)]	Elimination	Total
	(in thousands)							
2007								
Total assets	$ 1,103,707	$ 772,973	$ 568,275	$ 710,977	$ 214,776	$ 339,617	$ (354,754)	$3,355,571
Interest income	16,946	13,592	8,082	11,682	5,198	5	(161)	55,344
Net interest income	8,938	8,206	4,111	6,714	3,268	(1,563)	(42)	29,632
Provision for loan losses	1,063	2,455	1,816	2,676	129			8,139
Income (loss) from continuing operations before income tax	2,792	2,399	(50)	(165)	1,388	(2,226)	59	4,197
Discontinued operations, Net of tax					351			351
Net income (loss)	2,194	1,789	228	119	1,220	(1,321)	14	4,243
2006								
Total assets	$ 1,029,276	$ 727,604	$ 490,211	$ 724,119	$ 432,301	$ 346,789	$ (347,526)	$3,402,774
Interest income	15,771	12,301	7,490	11,284	5,307	5	(172)	51,986
Net interest income	9,901	8,383	4,448	7,296	3,261	(1,512)	(42)	31,735
Provision for loan losses	340	232	542	218	54			1,386
Income (loss) from continuing operations before income tax	4,706	4,736	1,963	2,520	1,724	979	21	16,649
Discontinued operations, Net of tax					(713)			(713)
Net income (loss)	3,603	3,326	1,579	1,899	355	1,605	(24)	12,343

(1) Includes items relating to the Registrant and certain insignificant operations. 2006 net income includes $2.8 million of non-interest income related to the settlement of litigation involving the former owners of Mepco. This amount is not taxable.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

(unaudited)

5. Basic income per share is based on weighted average common shares outstanding during the period. Diluted income per share includes the dilutive effect of additional potential common shares to be issued upon the exercise of stock options and stock units for a deferred compensation plan for non-employee directors.

A reconciliation of basic and diluted earnings per share for the three-month periods ended March 31 follows:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	(in thousands, except per share amounts)	
Income from continuing operations	$ 3,892	$ 13,056
Net income	$ 4,243	$ 12,343
Shares outstanding	22,829	22,938
Effect of stock options	257	340
Stock units for deferred compensation plan for non-employee directors	58	52
Shares outstanding for calculation of diluted earnings per share	23,144	23,330
Income per share from continuing operations		
Basic	$ .17	$ .57
Diluted	.17	.56
Net income per share		
Basic	.19	.54
Diluted	.18	.53

Weighted average stock options outstanding that were anti-dilutive totaled 0.8 million and 0.5 million for the three-months ended March 31, 2007 and 2006, respectively.

Per share data has been restated for a 5% stock dividend in 2006.

6. Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, (SFAS #133) which was subsequently amended by SFAS #138, requires companies to record derivatives on the balance sheet as assets and liabilities measured at their fair value. The accounting for increases and decreases in the value of derivatives depends upon the use of derivatives and whether the derivatives qualify for hedge accounting.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Our derivative financial instruments according to the type of hedge in which they are designated under SFAS #133 follows:

	March 31, 2007		
	Notional Amount	Average Maturity (years)	Fair Value
	(dollars in thousands)		
Fair Value Hedge - pay variable interest-rate swap agreements	$ 450,159	2.7	$ (3,112)
Cash Flow Hedge			
Pay fixed interest-rate swap agreements	$ 54,500	2.2	$ 900
Interest-rate cap agreements	225,500	2.0	945
	$ 280,000	2.0	$ 1,845
No hedge designation			
Pay fixed interest-rate swap agreements	$ 5,000	1.1	60
Pay variable interest-rate swap agreements	25,000	0.5	(77)
Interest-rate cap agreements	55,000	1.7	50
Rate-lock real estate mortgage loan commitments	47,693	0.1	19
Mandatory commitments to sell real estate mortgage loans	46,017	0.1	24
Total	$ 178,710	0.7	$ 76

We have established management objectives and strategies that include interest-rate risk parameters for maximum fluctuations in net interest income and market value of portfolio equity. We monitor our interest rate risk position via simulation modeling reports. The goal of our asset/liability management efforts is to maintain profitable financial leverage within established risk parameters.

We use variable rate and short-term fixed-rate (less than 12 months) debt obligations to fund a portion of our balance sheet, which exposes us to variability in cash flows due to changes in interest rates. To meet our objectives, we may periodically enter into derivative financial instruments to mitigate exposure to fluctuations in cash flows resulting from changes in interest rates (Cash Flow Hedges). Cash Flow Hedges currently include certain pay-fixed interest-rate swaps and interest-rate cap agreements.

Pay-fixed interest-rate swaps convert the variable-rate cash flows on debt obligations to fixed-rates. Under interest-rate caps, we will receive cash if interest rates rise above a predetermined level. As a result, we effectively have variable rate debt with an established maximum rate.

We record the fair value of Cash Flow Hedges in accrued income and other assets and accrued expenses and other liabilities. On an ongoing basis, we adjust our balance sheet to reflect the then current fair value of Cash Flow Hedges. The related gains or losses are reported in other comprehensive income and are subsequently reclassified into earnings, as a yield adjustment in the same period in which the related interest on the hedged items (primarily variable-rate debt obligations) affect earnings. It is anticipated that approximately $0.3 million, net of tax, of unrealized gains on Cash Flow Hedges at March 31, 2007 will be reclassified to earnings over the next twelve months. To the extent that the Cash Flow Hedges are not effective, the ineffective portion of the Cash Flow Hedges are immediately recognized as interest expense. The maximum term of any Cash Flow Hedge at March 31, 2007 is 5.2 years.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

We also use long-term, fixed-rate brokered CDs to fund a portion of our balance sheet. These instruments expose us to variability in fair value due to changes in interest rates. To meet our objectives, we may enter into derivative financial instruments to mitigate exposure to fluctuations in fair values of such fixed-rate debt instruments (Fair Value Hedges). Fair Value Hedges currently include pay-variable interest rate swaps.

Also, we record Fair Value Hedges at fair value in accrued income and other assets and accrued expenses and other liabilities. The hedged items (primarily fixed-rate debt obligations) are also recorded at fair value through the statement of operations, which offsets the adjustment to Fair Value Hedges. On an ongoing basis, we will adjust our balance sheet to reflect the then current fair value of both the Fair Value Hedges and the respective hedged items. To the extent that the change in value of the Fair Value Hedges do not offset the change in the value of the hedged items, the ineffective portion is immediately recognized as interest expense.

Certain financial derivative instruments are not designated as hedges. The fair value of these derivative financial instruments have been recorded on our balance sheet and are adjusted on an ongoing basis to reflect their then current fair value. The changes in the fair value of derivative financial instruments not designated as hedges, are recognized currently in earnings.

In the ordinary course of business, we enter into rate-lock real estate mortgage loan commitments with customers (Rate Lock Commitments). These commitments expose us to interest rate risk. We also enter into mandatory commitments to sell real estate mortgage loans (Mandatory Commitments) to reduce the impact of price fluctuations of mortgage loans held for sale and Rate Lock Commitments. Mandatory Commitments help protect our loan sale profit margin from fluctuations in interest rates. The changes in the fair value of Rate Lock Commitments and Mandatory Commitments are recognized currently as part of gains on the sale of real estate mortgage loans. We obtain market prices from an outside third party on Mandatory Commitments and Rate Lock Commitments. Net gains on the sale of real estate mortgage loans, as well as net income may be more volatile as a result of these derivative instruments, which are not designated as hedges.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The impact of SFAS #133 on net income and other comprehensive income for the three-month periods ended March 31, 2007 and 2006 is as follows:

	Income (Expense)		
	Net Income	Other Comprehensive Income	Total
	(in thousands)		
Change in fair value during the three-month period ended March 31, 2007			
Interest-rate swap agreements not designated as hedges	$ 17		$ 17
Interest-rate cap agreements not designated as hedges	(38)		(38)
Rate Lock Commitments	50		50
Mandatory Commitments	(75)		(75)
Ineffectiveness of Fair value hedges	5		5
Ineffectiveness of Cash flow hedges	3		3
Cash flow hedges		$ (1,425)	(1,425)
Reclassification adjustment		466	466
Total	(38)	(959)	(997)
Income tax	(13)	(335)	(348)
Net	$ (25)	$ (624)	$ (649)

	Income (Expense)		
	Net Income	Other Comprehensive Income	Total
	(in thousands)		
Change in fair value during the three-month period ended March 31, 2006			
Interest-rate swap agreements not designated as hedges	$ (62)		$ (62)
Interest-rate cap agreements not designated as hedges	29		29
Rate Lock Commitments	(160)		(160)
Mandatory Commitments	316		316
Ineffectiveness of Fair value hedges	6		6
Cash flow hedges		$ (632)	(632)
Reclassification adjustment		829	829
Total	129	197	326
Income tax	45	69	114
Net	$ 84	$ 128	$ 212

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

7. Statement of Financial Accounting Standards No. 141, Business Combinations, (SFAS #141) and Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, (SFAS #142) effects how organizations account for business combinations and for the goodwill and intangible assets that arise from those combinations or are acquired otherwise.

Intangible assets, net of amortization, were comprised of the following at March 31, 2007 and December 31, 2006:

	March 31, 2007		December 31, 2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(dollars in thousands)			
Amortized intangible assets				
Core deposit	$ 31,326	$ 14,148	$ 20,545	$ 13,679
Customer relationship	1,302	1,024	1,302	999
Covenants not to compete	1,520	911	1,520	835
Total	$ 34,148	$ 16,083	$ 23,367	$ 15,513
Unamortized intangible assets - Goodwill	$ 66,735		$ 48,709	

Amortization of intangibles has been estimated through 2012 and thereafter in the following table, and does not take into consideration any potential future acquisitions or branch purchases.

	(dollars in thousands)
Nine months ended December 31, 2007	$ 2,803
Year ending December 31:	
2008	3,072
2009	1,838
2010	1,310
2011	1,398
2012 and thereafter	7,644
Total	$ 18,065

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

Changes in the carrying amount of goodwill and core deposit intangible by reporting segment for the periods presented were as follows:

	IB	IBWM	IBSM	IBEM	Mepco	Other[(1)]	Total
	(dollars in thousands)						
Goodwill							
Balance, December 31, 2006	$ 8,394	$ 32		$ 23,205	$ 16,735	$ 343	$ 48,709
Acquired during period [(2)]	11,341		$ 7,028				18,369
Impairment during period	(343)						(343)
Balance, March 31, 2007	$ 19,392	$ 32	$ 7,028	$ 23,205	$ 16,735	$ 343	$ 66,735
Balance, December 31, 2005	$ 9,560	$ 32		$ 23,205	$ 18,673	$ 343	$ 51,813
Acquired during period					471[(3)]		471
Balance, March 31, 2006	$ 9,560	$ 32		$ 23,205	$ 19,144	$ 343	$ 52,284
Core deposit							
Balance, December 31, 2006	$ 1,562	$ 33	$ 174	$ 5,072		$ 25	$ 6,866
Acquired during period [(2)]	6,098		4,683				10,781
Amortization	(113)	(3)	(37)	(312)		(4)	(469)
Balance, March 31, 2007	$ 7,547	$ 30	$ 4,820	$ 4,760		$ 21	$ 17,178

[(1)] Includes items relating to the Registrant and certain insignificant operations.
[(2)] Goodwill and deposit customer relationship value, including core deposit value associated with the acquisition of 10 branches from TCF National Bank. The weighted average amortization period of the deposit customer relationship value, including core deposit value is 6.8 years.
[(3)] Goodwill associated with contingent consideration accrued pursuant to an earnout.

During the three month period ended March 31, 2007 we recorded a goodwill impairment charge of $0.3 million at First Home Financial (FHF) which was acquired in 1998. FHF is a loan origination company based in Grand Rapids, Michigan that specializes in the financing of manufactured homes located in mobile home parks or communities and is a subsidiary of our IB segment above. Revenues and profits have declined at FHF over the last few years and have continued to decline in the first quarter of 2007. We test goodwill for impairment and based on the fair value of FHF the goodwill associated with FHF was reduced to zero. This amount is included in Goodwill Impairment in the Consolidated Statements of Operations.

8. We maintain performance-based compensation plans that includes a long-term incentive plan that permits the issuance of share based compensation awards, including stock options and restricted stock. Share based compensation awards, including stock options and restricted stock, are measured at fair value at the date of grant and expensed over the requisite service period.

All share based compensation awards outstanding at December 31, 2005 were fully vested and there were no new or modified share based grants during 2006 or the three month period ended March 31, 2007.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

A summary of outstanding stock option grants and transactions for the three month period ended March 31, 2007 follows:

	Number of Shares	Average Exercise Price
Outstanding at January 1, 2007	1,481,276	$ 19.82
Granted		
Exercised	7,233	9.35
Forfeited		
Outstanding at March 31, 2007	1,474,043	$ 19.88

The aggregate intrinsic value and weighted-average remaining contractual term of outstanding options at March 31, 2007 were $5.1 million and 6.1 years, respectively.

Common shares issued upon exercise of stock options come from currently authorized but unissued shares. The following summarizes certain information regarding options exercised during the three month periods ending March 31:

	2007	2006
	(in thousands)	
Intrinsic value	$ 80	$ 261
Cash proceeds received	$ 68	$ 214
Tax benefit realized	$ 28	$ 92

9. On January 1, 2007 we adopted Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109, (FIN #48), which clarifies the accounting for uncertainty in income taxes recognized in a company s financial statements in accordance with SFAS #109, Accounting for Income Taxes . FIN #48 prescribes a recognition and measurement threshold for a tax position taken or expected to be taken in a tax return. FIN #48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The adoption of FIN #48 at January 1, 2007 did not have an impact on our financial statements.

At January 1, 2007 (date of adoption) and March 31, 2007 we had approximately $2.4 million and $2.5 million, respectively, of gross unrecognized tax benefits. Included in both of these amounts is approximately $0.1 million of interest. We classify penalties and interest in our financial statements as income taxes. All gross unrecognized tax benefits, if recognized, would affect our effective tax rate.

At January 1, 2007, U.S. Federal tax years 2003 through the present date remain open.

10. In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, (SFAS #159). This statement allows entities to voluntarily choose, at specified election dates, to measure many financial assets and financial liabilities (as well as certain non-financial instruments that are similar to financial instruments) at fair value. The election is made on an instrument-by-instrument basis and is irrevocable. The statement is effective as of the beginning of an entity s first fiscal year that begins after November 15, 2007. Earlier adoption of the Statement is

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

permitted as of the beginning of an entity s fiscal year, provided the choice to early adopt is made within 120 days of the beginning of the fiscal year of adoption and the entity has not yet issued financial statements for any interim period of that fiscal year. We expect to adopt SFAS #159 on January 1, 2008.

11. On January 15, 2007 we sold substantially all of the assets of Mepco s insurance premium finance business to Premium Financing Specialists, Inc. (PFS). We received $176 million of cash that was utilized to payoff Brokered CD s and short-term borrowings at Mepco s parent company, Independent Bank. Under the terms of the sale, PFS also assumed approximately $11.7 million in liabilities. Revenues and expenses associated with Mepco s insurance premium finance business have been presented as discontinued operations in the Consolidated Statements of Operations. Likewise, in accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the assets and liabilities associated with this business have been reclassified to discontinued operations in the Consolidated Statements of Financial Condition. Funding for Mepco s insurance premium finance business was accomplished by loans from its parent company, Independent Bank. Those loans were primarily funded with brokered certificates of deposit which are included in liabilities of discontinued operations at December 31, 2006. We have elected to not make any reclassifications in the Consolidated Statements of Cash Flows for the three months ended March 31, 2006.

12. On March 23, 2007, we completed the acquisition of ten branches with total deposits of $241.4 million from TCF National Bank. In accordance with Statement of Financial Accounting Standards No. 141 Business Combinations and related interpretations, this acquisition was considered a business acquisition, as the acquired assets and assumed liabilities enable us to sustain a revenue stream and provide products and services to these customers without significant disruption or difficulty. We paid a premium of approximately $29.2 million, including capitalizable costs of acquisition, for this business. Approximately $10.8 million of this premium is attributable to the value of deposit customer relationships acquired, including core deposit value. This will be amortized over its expected life of 15 years. The remaining $18.4 million will be recorded as goodwill and represents the intangible value of the work force in place and other attributes. This acquisition provides us with funds to payoff higher cost short term borrowings and brokered certificates of deposit and provides additional branch facilities from which to serve our customers and expand our services. Proforma information with respect to the estimated impact of this acquisition on our results of operations is not presented as it is not material.

13. On April 23, 2007 we filed a Form 8-K Current Report that included a press release (Exhibit 99.1) dated April 23, 2007 announcing our financial results for the quarter ended March 31, 2007 and supplemental financial data (Exhibit 99.2) to the press release. Those previously reported financial results have been revised to increase our allowance for loan losses and provision for loan losses by $650,000. The increase in the allowance for loan losses is to record a specific reserve on a residential real estate development loan collateralized by property located in East Lansing, Michigan. In the fourth quarter of 2006 a partial charge-off of $1.3 million was recorded on this loan (reducing the balance on the loan from $4.7 million to $3.4 million). Based on an updated appraisal, including a review appraisal received in early May 2007, we have determined that an additional specific reserve of $650,000 is required.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

The additional specific reserve results in the following changes to our previously reported financial results:

	As Previously Reported	Adjustment	As Revised
	(in thousands, except per share amounts)		
Consolidated Statement of Financial Condition as of March 31, 2007:			
Allowance for Loan Losses	$ (30,258)	$ (650)	$ (30,908)
Net loans	2,454,089	(650)	2,453,439
Total assets	3,356,221	(650)	3,355,571
Accrued expenses and other liabilities	40,949	(221)	40,728
Total liabilities	3,103,975	(221)	3,103,754
Retained earnings	31,353	(429)	30,924
Total shareholders' equity	252,246	(429)	251,817
Total liabilities and shareholders' equity	3,356,221	(650)	3,355,571
Consolidated Statement of Operations for the three months ended March 31, 2007:			
Provision for loan losses	$ 7,489	$ 650	$ 8,139
Income from continuing operations before income tax	4,847	(650)	4,197
Income tax expense	526	(221)	305
Income from continuing operations	4,321	(429)	3,892
Net income	4,672	(429)	4,243
Income per share from continuing operations:			
Basic	0.19	(0.02)	0.17
Diluted	0.19	(0.02)	0.17
Net income per share:			
Basic	0.20	(0.01)	0.19
Diluted	0.20	(0.02)	0.18

14. The results of operations for the three-month periods ended March 31, 2007, are not necessarily indicative of the results to be expected for the full year.

Part II

Item 6. Exhibits

(a) The following exhibits (listed by number corresponding to the Exhibit Table as Item 601 in Regulation S-K) are filed with this report:

31.1 Certificate of the Chief Executive Officer of Independent Bank Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

31.2 Certificate of the Chief Financial Officer of Independent Bank Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

32.1 Certificate of the Chief Executive Officer of Independent Bank Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

32.2 Certificate of the Chief Financial Officer of Independent Bank Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 9, 2007

INDEPENDENT BANK CORPORATION

By /s/ Robert N. Shuster

Robert N. Shuster, Principal Financial Officer